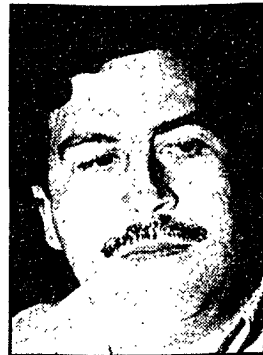


US aid paltry next to traffickers' profits

The Guardian (1959-2003); Sep 5, 1989;

ProQuest Historical Newspapers: The Guardian (1821-2003) and The Observer (1791-2003)

pg. 6



PABLO EMILIO ESCOBAR-GAVIRIA. Aged 39. Leader of Medellin cartel. Former alternate senator from Medellin. Allegedly the most powerful Colombian trafficker. Wanted for murder and throughout US. One of world's richest men.

JORGE LUIS OCHOA-VASQUEZ. Aged 40. Co-founder of Medellin cartel. Most dominant of three Ochoa brothers. Controls vast distribution networks in Florida, California and New York. Alleged to employ 3,000 people in Spain.

JOSE GONZALO RODRIGUEZ-GACHA. Aged 42. Third ranking member of the Medellin cartel. Runs big independent network based in Bogota. Only one of three leaders who uses cocaine. Said to have assembled private army of 3,000.

FABIO OCHOA-VASQUEZ. Aged 32. Ranking member of Medellin cartel. Took control of the Ochoa family's drug business while his brother in jail in Madrid. Described as irresponsible, eccentric, and emotional. Wanted in US for murder and trafficking.

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In the rarified heights of Bolivia's Chapare valley, an industrious coca farmer with just a couple of acres of land makes \$2,000 a year by harvesting the leaves for the cocaine trade.

On the streets of Washington DC — or, for that matter, just about any other American city — a cocaine pusher sells tiny vials of "crack" for \$15 each, or less. These seemingly small rewards are deceptive.

In Bolivia, \$2,000 represents more than three times the nation's per capita income, vastly more than any farmer could hope to make by growing any other crop. As a result, an estimated 300,000 people are directly involved in the coca and cocaine trade, earning money which the fragile economy simply cannot do without — and which dwarfs the \$100 million in aid given Bolivia by the US.

In Peru, which produces almost twice as much coca, the number of people who depend on the cocaine trade for their livelihood may well be more than half a million.

And in the US, those \$15 vials of crack produce spectacular revenues. An ounce of cocaine, bought on the street for \$1,000 and then turned into crack (by cooking it with baking soda, literally) will produce \$7,000 in nickel-and-dime sales.

Nobody knows how many crack dealers there are in America, but one estimate puts the number at 230,000 — making them more ubiquitous than, say, taxi drivers or dentists.

Nobody knows how big the cocaine market is either, only that unlike the market for other illegal drugs in the US, it's growing. It is probably true that America spends almost as much on cocaine as it does on gasoline. Certainly, total revenues from the illegal drug business now exceed the profits of all the Fortune 500 companies added together.

The first official recognition of the extraordinary dynamics of the cocaine trade came exactly 10 years ago this month. In September, 1979, Mr Miguel Walsh, an intelligence analyst for the Drug Enforcement Administration (DEA) in Washington, published a 71-page internal paper, complete with statistical breakdowns, which

— had anybody taken heed — provided prescient warning of the threat posed by the rising young Colombian drug lords.

Mr Walsh said they had already achieved "quasi-industrial status" by forming disciplined groups operating as underground multinational corporations. He warned: "Their growing affluence allows them to employ more and more sophisticated talent. They thus incur increments of power both real and perceived. . . In some regions of Colombia, narcotics traffickers command more power and respect than the central government."

But Mr Walsh, for all of his intuitiveness, thoroughly underestimated the potential for growth of the cocaine cartels. Estimating total annual production at 14 metric tons a year, he described cocaine as "a classic commodity market in a state of equilibrium".

In August 1983, less than four years after Mr Walsh's paper was published, the Medellin cartel lost almost 14 tons of cocaine in a single police raid. America was already so awash with drugs that the street price of cocaine, the best indicator of supply, barely trembled.

For 1988, official guesstimates — based largely on satellite photographs of coca plantations and simple mathematics (acreage, multiplied by potential harvest, multiplied by maximum cocaine yield) — put cocaine production at between 348 and 454 metric tons.

Despite the war on drugs, launched by 30 countries at the International Drug Enforcement Conference in Guatemala last year, cocaine has never been more widely available, in more countries, in a purer form, and at a cheaper price.

Taking the guesstimates at their lowest level — and allowing for slippage, wastage and police seizures — the Colombian cartels now produce sufficient cocaine every year to equip the world's pushers with 5 billion tiny, deadly vials.

One of the reasons the Colombian cartels have become so powerful is that they can easily afford to outspend the pathetic resources grudgingly granted to the anti-drug effort.

In America, the DEA — the only police agency in the world wholly dedicated to impeding the narcotics trade — has an annual budget that is less than the Pentagon spends before

lunch on every working day.

Of the \$8 billion President Bush is proposing to spend on his "drug initiative" to be announced today, it is predicted that only \$600 million will go in aid to Colombia, Peru, and Bolivia — the triad which compose the cocaine triangle.

That is probably less than Colombia alone will lose this year because of the abrogation by the US of the International Coffee Agreement, which has caused the price of coffee beans to fall to 85 cents a pound, the lowest price in real terms since the Depression. Put another way, it is probably less than cocaine contributes to Colombia's black economy every two months, while the legitimate economy struggles to meet a \$19 billion foreign debt.

At Colombia's Banco de la Republica, the central bank, there is a counter, known as the "sinner window", where anybody can exchange dollars for pesos. As a senior official of the bank readily admits: "We need that money to keep the economy going. That's a sad but unequivocal reality."

Paul Eddy
The writer is co-author of *The Cocaine Wars*, published in paperback by Arrow.